

**NEW HAMPSHIRE INSURANCE DEPARTMENT  
21 SOUTH FRUIT STREET SUITE 14  
CONCORD, NH 03301**

**INSURANCE LAW CHANGES FOR CALENDAR YEAR 2005**

- ***Payment by Electronic Funds Transfer (EFT)***

RSA 400-A:32-b Requires payment by electronic funds transfers in certain circumstances.

Chapter 248 of the Laws of 2005 added the following provisions to the Insurance Code effective January 1, 2006 and following:

“Insurers shall remit taxes by electronic funds transfer according to the following schedule:

- I. When the insurer, or group of insurers, had a tax liability in the prior tax year of **\$40,000** or more, effective January 1, 2006.
- II. When the insurer, or group of insurers, had a tax liability in the prior tax year of **\$30,000** or more, effective January 1, 2007.
- III. When the insurer, or group of insurers, had a tax liability in the prior tax year of **\$20,000** or more, effective January 1, 2008.”

The tax liability for calendar year 2005 is contained on Page 3, Line 21 of the medical premium tax form. To be considered timely, the tax payment must be deposited into the Insurance Department’s EFT bank account on or before the payment due date.

***For purposes of this law, “group” is defined as all companies included within the NAIC Group Code.***

- ***RSA 400-A:32-a Timely mailing provision***

Claims for timely mailing must be supported by “...***the post office cancellation mark stamped upon the envelope or other appropriate wrapper...***” If the payment is not received or the cancellation mark is “...illegible, erroneous or omitted...,’ mail “...shall be deemed filed...if the sender establishes by competent evidence that the report...or other document ***was deposited in the United States mail on or before the due date for filing...***”

- ***A Pitney Bowes postal imprint does not qualify as a “post office cancellation imprint”.***

- ***Payment of Annual Statement Filing Fee***

RSA 400-A:36, II provides that “...***The insurer shall pay the fee for filing its annual statement*** as prescribed by RSA 400-A:29 at the time of filing or ***with the premium tax return, but no later than March 15<sup>th</sup>***. It is requested that companies continue to pay the filing fee with the filing of the premium tax return.

- ***Premium Tax Due Dates***

Premium Tax Return	March 15 <sup>th</sup> , 2006
First Estimated Payment	March 15 <sup>th</sup> , 2006
Second Estimated Payment	June 15 <sup>th</sup> , 2006
Third Estimated Payment	September 15 <sup>th</sup> , 2006
Fourth Estimated Payment	December 15 <sup>th</sup> , 2006

- ***Late Payment Penalty***

RSA 400-A:32 IV “Any insurer failing to file the report required by RSA 400-A:31 or failing to remit the proper tax within the time for filing shall pay a penalty equal to 10 percent on the amount of the tax due.”

***Late payment fees shall be assessed.*** Please note that the word “intentionally” has been removed from the law.

**2005 Premium Tax Instructions for  
HEALTH, MEDICAL & DENTAL INDEMNITY COMPANIES**

**GENERAL INSTRUCTIONS**

**ANNUAL STATEMENT FILING DUE DATES:**

<b>HEALTH SERVICE CORPORATIONS</b>	<b>MARCH 1, 2006 (420-A:20)</b>
<b>HEALTH MAINTENANCE CORPORATIONS</b>	<b>MARCH 1, 2006 (420-B:9)</b>
<b>DELTA DENTAL CORPORATION</b>	<b>MARCH 1, 2006 (420-F:9)</b>

**PREMIUM TAX RETURN DUE DATE IS MARCH 15, 2006**  
(See RSA 400-A:32-a Timely Mailing)

The premium tax return is due NOT LATER THAN March 15, 2006. Tax returns postmarked on or before March 15, 2006, will be accepted as having been timely filed. Tax statements and tax payments postmarked after March 15, 2006, will be subject to the provisions of RSA 400-A:32, IV, which imposes a 10% penalty for filing after the due date. *Please note that a "Pitney Bowes" postal imprint does not qualify as a post office cancellation mark.*

**DO NOT SEND PREMIUM TAX FORM AND/OR CHECKS WITH THE ANNUAL STATEMENT PACKAGE**

**COMPLETE TAX FORM , FORWARD WITH PAYMENT TO:**

**NEW HAMPSHIRE DEPARTMENT OF INSURANCE  
21 SOUTH FRUIT STREET SUITE 14  
CONCORD, NEW HAMPSHIRE 03301**

**MAKE CHECKS PAYABLE TO: TREASURER, STATE OF NEW HAMPSHIRE**

**PAY IN WHOLE DOLLARS ONLY!**

**ELECTRONIC FUNDS TRANSFER**

The Department accepts electronic funds transfers via either the ACH debit method or the ACH credit method. For those companies choosing the ACH credit method, there are no notification requirements. The company is solely responsible for insuring that the funds are in the State of New Hampshire Insurance Department EFT account on the legal due date.

**ACH CREDIT**

There are no notification requirements for this method. If the company is switching from ACH debit to ACH credit, please notify the Department of the effective date of the switch.

**ACH DEBIT**

For the company to use this method, the company must first file an ACH debit authorization form with the Department. Copies of these forms are available on the Department web site. In addition, the company is responsible to provide certain withdrawal information prior to each scheduled due date.

**ESTIMATED LIABILITY \$400 OR LESS**

RSA 400-A:32,II provides that "...any authorized insurer having an estimated liability of \$100 or less for each quarter shall make payment in full on March 15..." Any company having \$400 or less in taxes due (Page 3, Line 21), must pay the total of all four estimates on March 15, 2006.

## **ALIEN CORPORATIONS**

For retaliatory purposes, "State of Domicile" as used in this refers to State of Entry.

## **SEQUENCE ORDER FOR FORMS**

The Department has added a sequence number in the upper right hand corner of each form. Please use this number to arrange the forms when assembling the premium tax return.

- #1**      **Page number one**
- #2**      **Page number two**
- #4**      **State Page**
- #5**      **Schedule T**
- #6**      **Other deductions supporting schedules**
- #7**      **Retaliatory Tax Computations**
- #9**      **Business Enterprise Tax Form**
- #13**     **Other Credits**
- #15**     **Page number 3**

## **ROUNDING**

The following lines on the premium tax return should be rounded to the nearest whole dollar:.

Page 3, Line 13 Col 8

Page 3, Line 21

Page 3, Line 25

Estimated tax for installments due June 15, September 15, and December 15 should be made in whole dollars only.

*Cash payments should not be rounded but must be included at the actual amount paid.*

## **WHAT IS TAXABLE?**

Gross direct premiums including renewal premiums.

Policy fees.

Membership and other fees.

Policy dividends applied in payment for insurance (additional paid up insurance)

All other considerations for insurance received during the calendar year.

### **Medicare+Choice Premiums**

Most Medicare beneficiaries may choose to receive benefits through one of the following Medicare+Choice plans: Coordinated care plans, which includes health maintenance organizations, Provider-Sponsored Organizations (PSO's) and Preferred Providers Organizations.

**Medicare+Choice Premiums** received by such organizations **on behalf of Medicare qualified individuals** are not subject to premium taxation.

**Medicaid Premiums** *are* subject to premium tax.

## **ALL DEDUCTIONS FROM GROSS PREMIUMS MUST BE FULLY DOCUMENTED**

## **DOCUMENTS REQUIRED TO BE FILED**

Health Service Corporations:

Schedule T for calendar year 2005.

The Underwriting and Investment Exhibit Part 1 – Premiums.

Calendar Year 2004 Business Enterprise Tax Form

Health Maintenance Organizations:

Schedule T for calendar year 2004.

Calendar Year 2004 Business Enterprise Tax Form

A monthly detail report is required for:

Political Subdivisions

Federal Employees Premiums

Administrative Service Contracts

Medicare Choice + Premiums

Documents substantiating any reduction and/or credits taken on premium tax form.

## **PAGE ONE INSTRUCTIONS**

COMPANY NAME – enter company name

BUSINESS ADDRESS – enter **complete** company address, street, city, state, zip.

TYPE OF COMPANY - enter MED for Medical Insurance Company

FEDERAL TAX ID NUMBER - enter the company's nine digit federal tax id number

NAIC GROUP CODE - enter the company's four digit NAIC group code

NAIC COMPANY CODE - enter the company's five digit NAIC company code

STATE OF DOMICILE - enter the two-letter abbreviation of the company's state of domicile.

PLEASE INDICATE AMOUNT OF TAX PAYMENT AND METHOD OF TAX PAYMENT.

PLEASE INDICATE IF THE COMPANY HAS AMENDED ITS' ARTICLES OF AGREEMENT (Y/N)

PLEASE INDICATE IF THE COMPANY HAS AMENDED ITS' BYLAWS (Y/N)

Complete the sworn statement and have this statement properly notarized by a notary public.

## **PAGE TWO INSTRUCTIONS**

### **LICENSING, FILING AND DOCUMENT FEES**

Include in this section only fees and charges relating to the filing of the annual statement, licensing of the company, and other documents fees. Fees and assessments computed on the basis of premiums written must be included in the appropriate section below.

### **RETALIATION**

NH retaliates on a tax for tax and fee for fee basis.

### **OTHER TAXES**

*If the company's domestic state imposes any additional fees and/or taxes upon NH companies, these fees and taxes must be included herein. Complete detailed computations must be provided*

If the company calculates retaliatory assessments and taxes on allocations other than the predetermined percentages provided by the domestic state, these allocations must have been approved and be utilized in the calculation of taxes for the domestic state to be properly used for NH filing purposes. The company should include adequate explanation with their premium tax statement.

Items to be included here:

Franchise Tax

Corporate Tax

District/Municipality Tax

County/City/Canadian Province Tax

Investment Tax

Corporate Registration Fee

### **OTHER ASSESSMENTS**

***Include all special and general assessments that are levied against NH domiciled companies operating in your domestic state.***

Include all other assessments. Do not include fees relating to filing of the annual statements and/or licensing of the company. These fees should be included under Licensing and Filing Fees.

Include:

Cost Containment Fee

Financial Regulation Fee

State Rating Bureau Assessment

Attorney General Assessment

Fraud Assessment

Actuary

Rate Hearing

Police Pension Fund

Insurance Department Maintenance

Any other assessments applicable to NH domestic companies in the company's domestic state.

Line 16 -- Insurance Department Maintenance

Compute the domestic state assessment for column 3. Place the NH Administrative Assessment paid during calendar year 2005 on line 21 in the NH basis column. Subtract the NH basis from the domestic state basis and insert the excess in column 4. **Column four should not be less than zero.**

### **PAGE THREE INSTRUCTIONS**

Line 1 through line 12 should be completed with the monthly premium amounts per the schedule on page 3.

Line 14. Enter the amount from Column 7, line 13.

Line 15. Premium tax @ 2% times the amount on line 14, or the domestic rate if greater than 2%.

Line 16. Deduct NH Business Enterprise Tax paid in accordance with RSA 77-E. This credit may not reduce the amount on Line 17 below \$0. Only those amounts "incurred" during calendar 2004 may be deducted on this return. Any excess not deducted on this form must be applied in accordance with RSA 400-A:34-a.

Line 17. Premium tax after NH Business Enterprise Tax but not less than zero.

Line 18. Enter amount from Line 17.

Line 19- 20. Any foreign insurers must complete the appropriate sections of page two.

Line 21. Total Premium Taxes Payable

This is the company's total tax liability for calendar year 2005. ***If this amount is \$40,000 or more, the company is required to pay estimated taxes via EFT.***

If the company is a member of a group having total tax liability of \$40,000 or more, all companies in that group are required to pay estimated taxes via EFT.

### **PAYMENTS AND CREDITS**

Line 22a. Cash Payments Applied to Estimated Tax

Overpayment March 15, 2005 net of refund and CY 2005 fees.

**Any overpayment from March 15, 2005 should first be reduced by filing and annual license fees** for calendar year 2005, unless these fees were paid separately. The overpayment on line 24 of the 2004 premium tax return should first be reduced by the ***total of lines 26 and 27 plus any refund provided to the company.***

Only the portion of the March 15, 2005 payment that was applied to estimated tax due March 15, 2005 should be entered here under the March 15 estimate. Cash payments for June 15, 2005, September 15, 2005 and December 15, 2005 should also be entered in the appropriate place.

#### **COMMUNITY DEVELOPMENT PROGRAM (RSA 162:L-10)**

Line 22b. The credit arising from amounts contributed in accordance with the NH Community Development Financing Authority should be included on this line. **Any credits applied without supporting documentation will be denied.**

#### **OTHER APPROVED CREDITS**

Line 22c. Other Approved Credits. This line should be used for any other “pre-approved” credits to premium tax. ***There should be no credits on this line which have not been “pre-approved” by the NH Insurance Department.***

**DO NOT use this line to make adjustment for prior year’s premium tax or to include deductions or credits properly applied to a prior calendar year return. These items should be filed with the Department separately from the calendar year 2005 premium tax return.**

#### **BALANCE DUE (OVERPAYMENT) MARCH 15, 2006**

The sum of Lines 24, 25, 26, and 27. This amount is due on or before March 15, 2006.

*If payment is made by check, the check should accompany the hardcopy premium tax form or forms. If paid by EFT, the EFT must be made in accordance with instructions provided by this Department.*

#### **REFUNDS**

Should the company have an overpayment on Line 28, the NH Insurance Department will apply this overpayment to prepayments due during 2006. If a credit balance remains after having been applied to all prepayments, a refund will be issued prior to June 30, 2006. If the company qualifies for a refund, please make no further prepayments during 2006 without first contacting the NH Insurance Department.

#### **TOTAL AMOUNT PAID**

Enter the total amount paid at the time of filing this return.